



# **PSC NEWS**

## **Missouri Public Service Commission**

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### **PSC APPROVES AGREEMENT REACHED IN AQUILA NATURAL GAS RATE CASE**

Jefferson City (April 22, 2004)---The Missouri Public Service Commission has approved an agreement reached by various parties which authorizes Aquila, Inc. d/b/a Aquila Networks-L&P and Aquila Networks-MPS to increase annual natural gas revenues by approximately \$3.4 million. When Aquila filed its natural gas rate case with the Public Service Commission on August 1, 2003, it sought to increase annual natural gas revenues by approximately \$6.4 million.

Under the agreement, a typical residential natural gas customer in Aquila Networks-MPS Northern or Southern System who uses approximately 790 Ccfs (79,000 cubic feet of gas) a year will see their natural gas bill increase by about \$3.84 a month or \$46.11 a year. For a typical residential customer using approximately 853 Ccfs (85,300 cubic feet of gas) a year in the Aquila Networks-L&P system, their natural gas bill will increase by approximately \$7.82 a month or \$93.88 a year.

This rate case reflects what are called the non-gas costs of providing service to customers. Non-gas costs are generally operating and maintenance expenses and a return on investment in plant (such as natural gas mains and service lines that carry natural gas to the customer's home or business). The Missouri Public Service Commission does not regulate gas costs or rates that are charged to Aquila for natural gas by wholesale suppliers. The Commission does perform a regulatory review to ensure that regulated natural gas companies such as Aquila make prudent decisions in securing natural gas supplies for their customers.

Under the terms of the agreement, Aquila agrees to fund, on an annual basis, approximately \$135,000 for various energy efficiency, weatherization and low income assistance programs. The agreement also calls for Aquila to not seek to place an infrastructure system replacement surcharge (ISRS) on customer bills prior to the effective date of Aquila's next natural gas general rate increase case.

The agreement approved by the Commission was submitted by Aquila, Incorporated, the PSC Staff, the Office of the Public Counsel, Sedalia Industrial Energy Users' Association, the City of Kansas City, the Missouri Department of Natural Resources and Cornerstone Energy, Incorporated. The agreement was reached as a result of extensive negotiations conducted by the above parties.

The Commission's order approving the agreement states: "The Commission has considered the settlement agreement of the parties as contained in the Stipulation and Agreement, together with Staff's (PSC Staff) suggestions, and concludes that the settlement agreement is just and reasonable and should be approved."

Aquila Networks-L&P serves approximately 6,100 natural gas customers in the former St. Joseph Light & Power service area. Aquila Networks-MPS serves approximately 42,000 natural gas customers in the former service area of Missouri Public Service.

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